



[4335-30]

## DEPARTMENT OF THE INTERIOR

### Office of Natural Resources Revenue

[Docket No. ONRR-2011-0009; DS63610300 DR2PS0000.CH7000 134D0102R2]

### Agency Information Collection Activities: Collection of Monies Due the Federal Government; Comment Request

**AGENCY:** Office of Natural Resources Revenue (ONRR), Interior.

**ACTION:** Notice of extension.

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**SUMMARY:** To comply with the Paperwork Reduction Act of 1995 (PRA), we are notifying the public that we have submitted to the Office of Management and Budget (OMB) an Information Collection Request (ICR) to renew approval of the paperwork requirements in the regulations under 30 CFR part 1218. This notice also provides the public a second opportunity to comment on the paperwork burden of these regulatory requirements.

**DATES:** OMB has up to 60 days to approve or disapprove this information collection request but may respond after 30 days; therefore, you should submit your public comments to OMB by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER] for the assurance of consideration.

**ADDRESSES:** You may submit your written comments directly to the Desk Officer for the Department of the Interior (OMB Control Number 1012-0008), Office of Information and Regulatory Affairs, OMB, by email to [OIRA\\_Submission@omb.eop.gov](mailto:OIRA_Submission@omb.eop.gov) or telefax at (202) 395-5806. Please also mail a copy of your comments to Mr. Luis Aguilar,

Regulatory Specialist, ONRR, P.O. Box 25165, MS 61030A, Denver, Colorado 80225-0165, or email *Luis.Aguilar@onrr.gov*. Please reference OMB Control Number 1012-0008 in your comments.

**FOR FURTHER INFORMATION CONTACT:** For questions on technical issues, contact Ms. Lee-Ann Martin, Reporting and Solid Minerals Services, ONRR, telephone (303) 231-3313, or email *LeeAnn.Martin@onrr.gov*. For other questions, contact Mr. Luis Aguilar, telephone (303) 231-3418, or email *Luis.Aguilar@onrr.gov*. You may also contact Mr. Aguilar to obtain copies (free of charge) of (1) the ICR, (2) any associated forms, and (3) the regulations that require the subject collection of information. You may also review the information collection request online at <http://www.reginfo.gov/public/do/PRAMain>.

**SUPPLEMENTARY INFORMATION:**

*Title:* Collection of Monies Due the Federal Government - 30 CFR Part 1218.

*OMB Control Number:* 1012-0008.

*Bureau Form Number:* Form ONRR-4425.

*Abstract:* The Secretary of the U.S. Department of the Interior is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands and the Outer Continental Shelf (OCS). Under various laws, the Secretary's responsibility is to manage mineral resources production on Federal and Indian lands and the OCS, collect royalties due, and distribute the funds collected under those laws. ONRR performs the royalty management functions for the Secretary.

Public laws pertaining to mineral leases on Federal and Indian lands and the OCS are posted at [http://www.onrr.gov/Laws\\_R\\_D/PubLaws/default.htm](http://www.onrr.gov/Laws_R_D/PubLaws/default.htm).

Minerals produced from Federal and Indian leases vary greatly in the nature of occurrence, production, and processing methods. When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share in an amount or value of production from the leased lands. The lessee is required to report various kinds of information to the lessor relative to the disposition of the minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling such minerals. The information collected includes data necessary to ensure that production is accurately valued and that royalties are appropriately paid.

This ICR covers unique reporting circumstances, including (1) cross-lease netting in calculation of late-payment interest; (2) designation of a designee; and (3) Tribal permission for recoupment on Indian oil and gas leases.

### **Cross-Lease Netting in Calculation of Late-Payment Interest**

Regulations at §1218.54 require ONRR to assess interest on unpaid or underpaid amounts. ONRR distributes these interest revenues to States, Indian Tribes, and the U.S. Treasury based on financial lease distribution information. Current regulations at §1218.42 provide that an overpayment on a lease or leases may be offset against an underpayment on a different lease or leases to determine the net payment subject to interest when certain conditions are met. This process is called cross-lease netting. Sections 6(a), (b), and (c) of the Royalty Simplification and Fairness Act (RSFA) require ONRR to pay interest on lessees' Federal oil and gas overpayments made on or after February 13, 1997 (six months after the August 13, 1996, enactment of RSFA). ONRR

implemented this RSFA provision in 1997 and began calculating interest on both underpayments and overpayments for Federal oil and gas leases, making the cross-lease netting provisions at §1218.42 no longer applicable for these leases. However, lessees must still comply with the provisions at 30 CFR 1218.42(b) and (c) for Indian Tribal leases or Federal leases other than oil and gas. They must demonstrate that cross-lease netting is correct by submitting production reports, pipeline allocation reports, or other similar documentary evidence. This information is necessary in order for ONRR to determine the correct amount of interest that the lessee owes and to ensure that we collect in full all monies owed to the Federal Government.

### **Designation of Designee**

Requirements of RSFA established that owners of, primarily, operating rights or, secondarily, lease record title (both referred to as “lessees”) are responsible for making royalty and related payments on Federal oil and gas leases (see 30 CFR 1218.52). It is common however, for a payor—rather than a lessee—to make these payments. When a payor makes payments on behalf of a lessee, RSFA section 6(g) requires that the lessee designate the payor as its designee and notify ONRR of this arrangement in writing. We designed Form ONRR-4425, Designation Form for Royalty Payment Responsibility, to request all the information necessary for lessees to comply with these RSFA requirements when choosing to designate an agent to pay for them. We require this information to ensure proper mineral revenue collection.

### **Tribal Permission for Recoupment on Indian Oil and Gas Leases**

In order to report cross-lease netting on Indian oil and gas leases, lessees must also comply with regulations at 30 CFR 1218.53(b), allowing only lessees with written permission from the Tribe to recoup overpayments on one lease against a different lease for which the Tribe is the lessor. The payor must provide ONRR with a copy of the Tribe's written permission.

### **OMB Approval**

We are requesting OMB's approval to continue to collect this information. Not collecting this information would limit the Secretary's ability to discharge the duties of the office and may also result in the loss of royalty payments. Proprietary information submitted is protected, and there are no questions of a sensitive nature included in this information collection.

*Frequency:* On occasion.

*Estimated Number and Description of Respondents:* 35 Federal and Indian lessees.

*Estimated Annual Reporting and Recordkeeping "Hour" Burden:* 59 hours.

We have not included in our estimates certain requirements performed in the normal course of business that are considered usual and customary. The following chart shows the estimated burden hours by CFR section and paragraph:

### **Respondents' Estimated Annual Burden Hours**

Citation 30 CFR Part 1218	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
<b>Subpart A—General Provisions— Cross-lease netting in calculation of late-payment interest.</b>				
1218.42 (b) and (c)	<b>Cross-lease netting in calculation of late-payment interest.</b> (b) Royalties attributed to production from a lease or leases which should have been attributed to production from a different lease or leases may be offset . . . if . . . the payor submits production reports, pipeline allocation reports, or other similar documentary evidence pertaining to the specific production involved which verifies the correct production information . . . . (c) If ONRR assesses late-payment interest and the payor asserts that some or all of the interest is not owed . . . the burden is on the payor to demonstrate that the exception applies . . . .	2	25	50
<b>Subpart B—Oil and Gas, General—How does a lessee designate a Designee?</b>				
1218.52 (a), (c), and (d)	<b>How does a lessee designate a Designee?</b> (a) If you are a lessee under 30 U.S.C. 1701(7), and you want to designate a person to make all or part of the payments due under a lease on your behalf . . . you must notify ONRR . . . in writing of such designation. . . . (c) If you want to terminate a designation . . . you must provide [the following] to ONRR in writing . . . . (d) ONRR may require you to provide notice when there is a change in the percentage of your record title or operating rights ownership.  ONRR currently uses Form ONRR-4425, Designation Form for Royalty Payment Responsibility, to collect this information.	0.75	5	4
<b>Subpart B—Oil and Gas, General— Recoupment of overpayments on Indian mineral leases.</b>				
1218.53 (b)	<b>Recoupment of overpayments on Indian mineral leases.</b> (b) With written permission authorized by tribal statute or resolution, a payor may recoup an overpayment against royalties or other revenues owed . . . under other leases . . . . A copy of	1	5	5

Citation 30 CFR Part 1218	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
	the tribe's written permission must be furnished to ONRR . . . .			
<b>TOTAL BURDEN</b>			<b>35</b>	<b>59</b>

*Estimated Annual Reporting and Recordkeeping “Non-hour” Cost Burden:* We have identified no “non-hour cost” burden associated with this collection of information.

*Public Disclosure Statement:* The PRA (44 U.S.C. 3501 *et seq.*) provides that an agency may not conduct or sponsor—and a person is not required to respond to—a collection of information unless it displays a currently valid OMB control number.

*Comments:* Section 3506(c)(2)(A) of the PRA requires each agency to “\* \* \* provide 60-day notice in the *Federal Register* \* \* \* and otherwise consult with members of the public and affected agencies concerning each proposed collection of information \* \* \*.” Agencies must specifically solicit comments to: (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

To comply with the public consultation process, we published a notice in the **Federal Register** on May 28, 2014 (79 FR 30651), announcing that we would submit this ICR to OMB for approval. The notice provided the required 60-day comment period. We received no comments in response to the notice.

If you wish to comment in response to this notice, you may send your comments to

the offices listed under the **ADDRESSES** section of this notice. OMB has up to 60 days to approve or disapprove the information collection but may respond after 30 days.

Therefore, to ensure maximum consideration, OMB should receive public comment by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

*Public Comment Policy:* ONRR will post all comments, including names and addresses of respondents at <http://www.regulations.gov>. Before including Personally Identifiable Information (PII), such as your address, phone number, email address, or other personal information in your comment(s), you should be aware that your entire comment (including PII) may be made available to the public at any time. While you may ask us, in your comment, to withhold PII from public view, we cannot guarantee that we will be able to do so.

Dated: January 28, 2015.

Gregory J. Gould,  
Director,  
Office of Natural Resources Revenue.

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